GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2813
ANSWERED ON:06.12.2001
ROLE OF MDG IN DEARLERSHIP AGREEMENTS
NARESH KUMAR PUGLIA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government in Writ Petition No.2876 of 1998 has submitted an affidavit regarding the importance of Marketing Discipline Guidelines as a part of dealership agreement to provide homegenous and similar punishment for various irregularities and to avoid termination in the first instance;

(b) if so, whether the dealers and Oil Corporations are bound by MDG and content of this affidavit;

(c) if not, the impact of avoiding/overriding the contents of this affidavit and provisions of MDG;

(d) whether the Government propose to reconsider such matter where the said contents and provisions of MDG have been avoided by the Oil Corporations; and

(e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MI OF PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA UNSTARRED QUESTION NO.2813 T ANSWERED ON THE 6TH DECEMBER, 2001, REGARDING ROLE OF MDG IN DEALERSHIP AGREEMENTS ASKED E NARESH PUGLIA.

(a) to (e) : The Marketing Discipline Guidelines (MDG) issued by the Oil Marketing Companies with the approval of Ministry of Petroleum & Natural Gas prescribes the penal action that could be taken against dealers for the irregularities committed at the retail outlets. The provisions contained in the MDG were challenged in the Delhi High Court by Delhi Petrol Dealers` Association and Others by filing CWP No.2876 of 1998.The petition was dismissed by the Delhi High Court by judgement dated 18.08.1999.The petitioners have filed LPA No.490/99 against this judgement of the Single Judge and the same is pending in the Delhi High Court.
In the Affidavit filed by Ministry of Petroleum & Natural Gas in CWP No.2876, it was stated inter-alia that `the relationship between oil companies and dealers is guided by Dealership Agreement. Under the same various rights and obligations are there for both the parties. This agreement provides that dealership can be terminated for various malpractices/offences which includes not following law of the land, Government and company Guidelines/instructions. Government Oil Companies, in order that they do not have to terminate the agreement for every such offence and different levels of punishment/penalty are provided for major and minor offences and also because there is consistency in their actions against different dealers for the same type of offences, have formulated common Guidelines. Accordingly, for most offences, dealership is terminated only in second or third instances. For minor offences, generally dealership is not terminated. These are guidelines only for taking action under dealership agreement. Any punishment provided in Act/Control Orders are criminal and the same is independent of action to be taken under Dealership Agreement.

The Oil Marketing Companies are to keep in view the provisions contained in the Marketing Discipline Guidelines before taking any penal action against the dealers, as per terms of agreement. There does not seem to be any need for issuing separate instructions to this effect.